ACCESS TO RETIREMENT FUNDS

Q. Can anyone other than I access funds in my State or School retirement account?

A. Generally, no. The IRS could access funds for back taxes and a judge may split retirement funds in a divorce property settlement. However, the state cannot borrow from employees’ retirement funds, and the funds cannot be attached in lawsuits or bankruptcy proceedings.

Q. When am I vested in my retirement plan?

A. **State plan.** If you are under age 55 you are vested after three years of plan participation. You are immediately vested, regardless of the number of years employed by the State, if you: (1) are age 55 or older; (2) become disabled; or (3) die.

     **School plan.** You must have five years of service in the School Plan in order to vest and be eligible for a retirement benefit. If you have less than five years service at termination, you would only receive a refund of your contributions plus interest. The exception is if you terminate employment at age 65 or older but you must have at least one-half year of service and would receive an unreduced retirement benefit. If you terminate employment before age 65 with less than five years of service, you are eligible for a refund of only your contributions plus interest.

Q. Under what circumstances can I access my State retirement savings?

A. **State plan.** Payment from your State retirement account may be made when you: (1) retire (cease employment on or after age 55); (2) terminate (cease employment prior to age 55); (3) become disabled; or (4) die. If you terminate prior to age 55, and are not vested, you can access only your employee contributions. If vested, you can access your employee contributions plus the state matching contributions at any age upon termination. However, if you terminate and are not yet age 55, you would have to wait until age 59½ to withdraw the funds without being subject to early withdrawal tax penalties of 10% federal and 5% state.

     **School plan.** Payment from your School retirement account may be made when you: (1) terminate employment (see also answer above); (2) become disabled; or (3) die.

     **Deferred Compensation Plan.** Payment from your DCP account may be made when you (1) terminate employment; (2) die; (3) experience an unforeseen emergency; (4) have an account balance of less than $5,000 and have not contributed during the prior two years; (5) become age 70½, whether employed or not employed.

Q. Can I borrow from my State retirement account?

A. No, nor may the funds be used as loan collateral since they are not assignable. The money is held in trust and is immune from execution, garnishment, attachment, bankruptcy, insolvency or any other process of law.

Q. Can I roll-over my State or School retirement funds to a qualified plan while I am still working for the State?

A. No. You must terminate employment first.

Q. When I terminate employment, can I keep my retirement funds in the School or State Retirement Plan?

A. **School Plan.** If you terminate employment before you become eligible for monthly retirement benefits, you may leave your account on inactive status basis and continue to earn regular interest until such time as you
become eligible for a benefit. (Deferring your account beyond the point where you are eligible to begin drawing an unreduced benefit will only result in losing out on monthly benefit payments.)

State plan. You may defer payments until no later than April 1 following the year you reach age 70½.

Q. When I retire or terminate employment, do I have to keep my retirement funds in the State Retirement System?

A. No. In general, you have the following options whether you are in Defined Contribution or Cash Balance:
   - Deferral (leave it in the State account per above time limits)
   - Withdrawal (direct or rollover)
   - Monthly annuity
   - Combination

The Defined Contribution Plan allows systematic withdrawals (e.g., monthly, quarterly, semi-annual, annual) and has no limit on the number of withdrawals, so long as there is still money in your account. You can make only one direct withdrawal or rollover in the Cash Balance Plan and any remaining funds must be used for an annuity.